



# **Growth EIS Portfolio Service 2019-2020**

COMMITTED CAPITAL 

## KEY RISKS & NOTICES & DISCLAIMERS

### Key Risks

There are significant risks associated with an investment in Committed Capital Growth EIS Portfolio Service ("CCGEPS", or "Fund"). Investments of this nature carry risks to your capital and capital preservation is not guaranteed. The risks include illiquidity where shares may not be able to be sold easily, lack of dividends and dilution. Past performance is not indicative of future returns. Investments made through CCGEPS are not covered by FSCS protection. CCGEPS is primarily targeted at investors who sufficiently understand risks related to tax relief.

The investments of the Fund in non-quoted equity will be long-term and of an illiquid nature. Investors must be prepared to tie up their money for at least 3 years purely to benefit from EIS and may be required from a business perspective to do so for 5 to 7 years. Investors should not, therefore, invest funds which they might rely on during this period.

The availability of any tax relief, including EIS, depends on the individual circumstances of each investor and of the company concerned, is only available for UK investors in qualifying companies and may be subject to change in the future. EIS investments are generally exempt from Inheritance Tax if the investor dies more than two years after the investment was made or the trade commenced. There is no guarantee that investments will maintain EIS status.

Rules regarding Inheritance Tax and Capital Gains Tax are subject to change at any time. Accordingly, the tax reliefs may or may not apply to any specific individual depending on their circumstances and may change or be withdrawn by the government or the taxation authorities.

If you are in any doubt about the availability of any tax reliefs, or the tax treatment of your investment, you should obtain independent tax advice from an appropriately qualified professional before proceeding with your investment. Full disclosure of all risks are outlined within the Information Memorandum ("IM"), which an investor must read and attest that they have understood the terms within before making an investment.

### Disclaimers

Committed Capital Limited is an Appointed Representative of Sapia Partners LLP, which is authorised and regulated by the Financial Conduct Authority (FRN 550103).

This document does not constitute an offer, or the solicitation of an offer, in relation to investment in CCGEPS or any other entity in any jurisdiction in which such offer or solicitation is unlawful. This document is intended for distribution in the United Kingdom only.

This document does not purport to be all-inclusive or to contain all the information that a prospective investor may need or desire in deciding whether or not to make an investment through the Service and is subject to revision and amendment. Any investment in CCGEPS is offered solely on the basis of the information contained in the IM, and further information about CCGEPS can be obtained by contacting the Investment Adviser on the contact details provided within this document.

No undertaking, warranty or other assurance, express or implied, is given or made by or on behalf of the Fund, the Manager or the Investment Adviser or any of their respective partners, directors, officers, employees, advisers or other persons (each a "Relevant Person") as to the accuracy, fairness or sufficiency of information, opinions or beliefs contained in this document.

This document contains certain information that constitutes "forward-looking statements", which are provided for illustrative purposes only. Owing to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in such forward-looking statements and there can be no assurance that any predicted results are attainable or will be realised. The information contained herein has not been the subject of independent verification or financial audit.

Neither this document nor anything contained in it shall form the basis of any contract or commitment whatsoever. Shareholders, directors and employees may have taken up shares in the investee companies (please refer to the IM for full disclosures regarding potential Conflict of Interests).

Neither the Investment Adviser nor the Manager nor any of their respective directors, officers, employees, and agents accept any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any information or opinions contained herein or in any other communication in connection with an investment in the Fund except where such liability arises under FSMA, regulations made under FSMA or the Financial Conduct Authority ("FCA") Rules and which may not be excluded.

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The Committed Capital Growth EIS Portfolio Service (the "Fund") aims to generate attractive tax-free returns from investments in UK based, post revenue (typically £1m+), EIS qualifying, growth stage technology companies. We believe that this is one of the most high-growth and dynamic sectors in the UK market, and our core area of expertise.

The aim of the Fund is to target companies which demonstrate the potential for high growth and that are also EIS qualifying. We believe that this could provide an effective solution for investors who are frustrated with low returns on savings, or for those who are looking to defer (or potentially reduce) a capital gain, significantly reduce or offset their income tax liability, and reduce (or potentially eliminate) exposure to inheritance tax<sup>1</sup>.

Nevertheless, any investment undertaken must also be intended to provide for a positive return to our investors, irrespective as to whether investors can claim the potential EIS tax reliefs that are available.

For more information please call us on **020 7529 1350** or email us at [info@committedcapital.co.uk](mailto:info@committedcapital.co.uk)

<sup>1</sup> - *The availability of any tax relief may or may not apply to any specific individual depending on their circumstances and may change or be withdrawn at any given time.*



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**Steve Harris**  
CEO

## INTRODUCTION

Established in 2001, Committed Capital Limited is a Venture Capital business based in Belgravia, London.

The Investment Team has a proven track record of working with growth stage companies and assisting in creating value for shareholders.

This value is achieved through careful investment selection, rigorous due diligence, efficient transaction processes and providing investee companies with ongoing hands-on support.

## INVESTMENT STRATEGY & CRITERIA

In analysing potential investee businesses, we look for rapid growth in the underlying market as well as a technology and business designed to benefit from this growth.

Our investee companies must have a clear and compelling proposition, be more or less fully formed and have strong management.

These factors are established during an exhaustive due diligence process, with investee companies selected based on the following criteria:

- **Dynamic Market** – fast growing addressable market with low competitive intensity
- **Well-Positioned Company** – strong management team, robust forecasts for potential rapid growth over the investment period
- **In-Demand Product (or service)** - fully developed, addressing a clear market need, with a sustainable technology-based competitive advantage
- **Post Revenue** – generating significant sales (typically in excess of £1m annually)
- **Clear Exit Route**– intention to exit investments within 3 to 5 years
- **Investor Protections** – a significant minority (often 20-40%) of the equity is sought and typical shareholder rights required
- **Board Seat** – board seat required

## WHY INVEST IN THE FUND?

- Exceptional investment team and track record
- We believe the market for technology growth capital investment is exceptionally attractive
- We are hands-on investors which we believe could materially mitigate investment risk factors
- Investors allocated a diverse portfolio of 8-12 companies with investments spread across sectors and expected maturities
- Investment allocation within 12 months
- The intention is to exit within 3 – 5 years of investment, subject to market conditions

## INVESTMENT TRACK RECORD

The fund has a target return of 2-3x return on investment ("ROI"), excluding tax relief. Committed Capital Limited has an impressive exit record in growth stage EIS qualifying tech companies.

Since 2001 Committed Capital Limited has achieved an average 2.35x ROI (excluding any tax reliefs) with an average holding period of 4 years, and have invested in 33 EIS qualifying investee companies, made 19 exits and 2 partial exits, of which 20 have been profitable and just 1 has made a partial loss.

Committed Capital Limited's most recent exit was on 31<sup>st</sup> July 2019. Our investors' holding in FSB Technology (UK) Ltd ("FSB") was bought by a strategic buyer, with investors receiving a return on investment of 2.71x (excluding tax relief).

We put our track record down to the breadth and depth of our stringent due diligence, and our hands-on approach supporting investee companies with human capital rather than investment alone.

## AT A GLANCE

<b>Investment Objective</b>	To realise capital gains from a portfolio of growth companies with the additional enhancement of EIS tax relief
<b>Investment Strategy</b>	Portfolio of promising UK-based companies which typically struggle to raise finance because of the funding gap in the UK market
<b>Sector Focus</b>	Technology
<b>Investment Criteria</b>	Investment criteria typically include: <ul style="list-style-type: none"> <li>▪ Exceptional &amp; proven management team</li> <li>▪ Sustainable competitive advantage</li> <li>▪ Revenue generating</li> <li>▪ Dynamic and growing underlying market</li> <li>▪ Significant growth potential and scalability</li> <li>▪ Attractive entry price</li> <li>▪ Strong cashflow</li> <li>▪ Clear exit route</li> </ul>
<b>Target Returns</b>	2-3x Return on Investment (excluding tax reliefs)
<b>Portfolio management</b>	We actively monitor investments, provide quarterly valuations, and half yearly investee company reports within our online investor portal and ad hoc reporting where required
<b>Holding period</b>	Intention is to exit within 3-5 years of investment, subject to market conditions, via trade sale, IPO, or, where appropriate, sale to strategic co-investor
<b>Fees</b>	Please refer to IM for full disclosure of fees.
<b>Minimum investment</b>	£15,000

## SECTORAL BREAKDOWN

The Fund invests in high growth technology companies with proprietary technology, for which there is high demand.

The Technology Sectors invested in at the current time include:

- FinTech
- Entertainment
- Security
- Enterprise Software
- Internet of Things
- EdTech
- Engineering
- Navigation
- AdTech

## ATTRACTIVE POTENTIAL EIS TAX BENEFITS

EIS tax benefits under current legislation are:

- 30% income tax relief on up to £1m of investment per tax year, with a further £1m per tax year available for Knowledge Intensive classified businesses
- Carry back income tax relief one year where required
- Capital Gains Tax (CGT) exemption on disposal of EIS shares after 3 years
- Defer unlimited CGT liabilities by reinvesting in EIS shares
- Exemption from Inheritance Tax after investment held for 2 years
- Downside risk protection as losses on the sale of any EIS shares can be set off against either income or capital gains. Loss relief is calculated on a deal-by-deal basis giving an optimum blend of tax-free gains and downside protection

**NOTE - The availability of any tax relief may or may not apply to any specific individual depending on their circumstances and may change or be withdrawn at any given time**

## COMMITTED CAPITAL LIMITED - RECENT EXITS & INVESTMENTS (as at end of October 2019)

### PARTIAL EXIT

**Fairstone** 

Fairstone is a Wealth Manager & IFA consolidation business.

It utilises a proprietary technology platform to streamline front and back office functions, underpinned by a robust compliance and regulatory framework.

**PARTIAL EXIT** – In May 2016, investors realised a partial exit with a sale to a VC firm with investors receiving an initial ROI of 1.24x (excluding tax relief). Investors total ROI if the remaining stock were sold today at the current valuation would be 3.1x ROI (excluding tax relief).

### INVESTMENT

**Cloudhouse** <sup>TM</sup>

Cloudhouse provides application virtualisation software.

It is able to solve the vulnerability of companies and Government departments to being cyberattacked because of unsupported old software such as Windows 7 or XP.

Cloudhouse provide a solution to offer reliable virtualisation for 100% of legacy business critical applications, achieving significant savings in both Capex and Opex.

### EXIT

**FSB**   
THE SPORTSBK SOLUTION

FSB is a leading Business to Business sports and internet gaming technology supplier. Using a SaaS business model, the company offers end-to-end sports betting and internet gaming solutions including data and pricing feeds, a proprietary sports betting software platform, fully managed trading services and more.

**EXIT** – The sale to a strategic buyer saw investors receive a return on investment of 2.71x (excluding tax relief).